## Vol. XXVI....No. 7,884.

# EUROPE

# Probable End of the War.

GREAT BATTLE AT LUDOWA

The Austrians Totally Defeated.

Austria Cedes Venetia to France.

NAPOLEON PROPOSES AN ARMISTICE.

The Replies of Italy and Prussia Not Yet Known.

THE CAMPAIGN IN BOHEMIA.

BRILLIANT VICTORY OF THE PRUSSIANS.

Storming of the Town of Gitschin.

Loss of the Austrians in Dead, Wounded, and

Prisoners fully 40,000 Men.

Concentration of Austrian Forces near Josephstadt and Koniggratz.

The steamship America, from Southampton on July 4, arrived here yesterday morning with three days later news from Europe. .

The Chloris, from Galveston, arrived at Liverpool

The steamship Louisiana, from New-York, arrived at Liverpool on the 4th.

The steamships Helvetin, Hansa and Borussia, from

New-York, arrived out on the 4th. The steamship Nova Scotlan, from Liverpool July 5th

via Londonderry July 6th, passed Father Point last even

The steamship Scotia from New-York arrived at Liv-

# ARMISTICE!

#### ustria Proposes an Armistice-Peace Regarded as Virtually Concluded

highly important news:

LOSDON, July 6 .- The Prussian and Italian reply

assemble, and that the French Government will propose a

In the commercial circles of London peace is regarded as virtually concluded.

#### Grent Battle at Ludown-Defent of the Austrinus-14,000 Prisoners Taken.

LIVERPOOL, July 5-Evening .- A great battle took place on the 3d near Ludowa, resulting in the Prussians obtoming a great and complete victory. The Prussians took 14,000 prisoners. There were great losses in killed and wounded, but no estimate is given of the numbers. The Austrians sent in a flag of truce.

#### Austria Cedes Venetia to France-Probable End of the War.

Austria has agreed to crde Venetia to the Emperor Napoleon, and accept his mediation.

Napoleon immediately communicated with the bellige-

The Paris Monitour of the 5th makes the following

"An important event has just occurred. After having maintained the honor of his arms in Italy, the Emperor of Austria, concurring in the ideas expressed in the Emperor Napoleon's letter of June 11 to his Minister of Foreign Affairs, cedes Venetia to the French Emperor, and accepts mediation for the conclusion of peace. The Emperor Napoleon hastened to respond to the summons, and immediately communicated with the Kings of Prussia and Italy in order to obtain an armistice."

The Austrian Field-Marshal Von Gablenz arrived at the evening of the 4th with a flag of truce.

The battle of July 3, near Ludowa was a great affair. It resulted in the complete defeat of the Austrians.

## THE WAR IN GERMANY.

# THE CAMPAIGN IN BOHEMIA.

Important Advantages Gained by the Prussinns-Storming of Gitschin-Junction of the Two Prussian Armies Concentration of the Austrian Troops Between Josephstadt

and Koniggratz-The Prussian Accounts. THE VICTORIES OF THE FIFTH PRUSSIAN CORPS. BEHLIN, July 1.

the headquarters of the Crown Prince of Prussia:

"The result of the three days' fighting in which the 5th Prussian Corps has been engaged cannot be too highly estimated. On the 27th it was opposed by the 6th Austrian Corps, under Gen. Ramming. A letter was found addressed by the latter to Gen. Benedek, in Josephstadt, which affords complete proof that the forces under his tommand were thoroughly exhausted. He therein requested Gen. Benedek to send him two fresh brigades in order that his troops might bivouse under their protec. these operations t

tion, and acknowledged that they would not be able to fight on the following day. The 5th Prussian Corps was therefore opposed on the 28th and 29th by the Corps of

greater line than on the 27th. The Austrian corps under Gen. Gablenz was completely broken up. Beside innumerable prisoners, 20 guns, five colors, and two standards belonging to the corps of Gen. Gablenz, fell into the hands of the Prussian troops."

#### GITSCHIN TAKEN BY STORM.

REICHENBERG, July 1 .- The Prinsian army in Bohecia is making victorious progress. The Fifth and sition being very strong. The loss sustained by the Aus-

enthusiastically cheered by the crowds assembled in the streets from the palace to the railway station.

TUNCTION OF THE TWO PRUSSIAN ARMIES-THE PRUS-

SIAN KING AT GITSCHIN. BERLIN, July 2 .- The following official announcement

fighting, the Prussian army is in excellent spirits." BERLIN, July 2, 9:50 p, m .- The following official tele-

men; and with the army of Prince Frederick Charles 15,000. The desertion of Italian soldiers from the Austrian army is increasing. The retreat of the Austrians

[Official Disputch.]

Girscurs, July 2, 3.25 p. m.-It is estimated that in consequence of all the combats and battles since the 26th | This has been principally caused by the Austrian artiflery. of last month between 30,000 and 40,000 Austrians are placed hors de combat. About 15,000 prisoners have been made at the battles of Gitschin, Galitz, Nachod, and in Turnau. The number of killed and wounded is more than The Morning Post thinks that a Congress will shortly 20,000. Several battalions have been completely annihi-Gallas corps and the Gablentz corps are completely broken up and, for the present, not in condition to fight.

The Austrian army has retired to a strong position between Josephstadt and Königsgrætz, on the other side of the Elbe, and according to the statement of some captured officers, the soldiers are discouraged, and the army partly

[Official Dispatch.] GITSCHIN, July 3 .- The Vienna telegram of the 28th, announcing the loss of 18 guns by the Prussians, is officially denied. The Prussians have not lost a single gun but have captured 24 Austrian guns and eight flags.

On the evening of the 30th ult. a Prussian brigade, composed of the 1st Regiment of the Guards and of a regiment of Fusilier Guards, surprised an Austrian brigade, and captured a flag and 250 prisoners.

The King of Prussia left at five o'clock this morning for the outposts of the army under the Crown Prince. The principal headquarters are here, awaiting further orders. CONCENTRATION OF THE AUSTRIANS AT KONIGGRATZ.

Berlin, July 3.—Authestic intelligence from Bohemia

states that Field-Marshal Benedek has found himself compelled, in consequence of the dissolution of the corps of Gen. Von Gablenz and the retrest of the Austrian and Saxon troops, to abandon the operations that he had commenced near Gitschin, and to concentrate his army in a TRAUTENAU, July 3.-The Austrian army, which has

been compelled, by the junction of the two Prussian army corps, to concentrate itself between the fortresses of Pressian headquarters, at Horitz, near Gitzehen, on the Josephstadt and Koniggratz, appears to intend remaining on the defensive in that position. The Duke of Coburg

OFFICIAL DISPATCHES FROM THE CROWN PRINCE AND here to-day for Frankfort.

received here from his Royal Highness the Crown Prince:

Received here from his Koyal Highners the Crown Prince:

"Reiseaz, June 27.—There most respectfully to report to your Majeary as follows upon the events of to-day:

"On the afternoon of the 26th Gen. Von Steinmetz had pushed forward his vanguard under Major-tien. Von Lowenfeldt toward Nachod. After a short engagement the latter got possession of the pass, which was abandoned by the Austrians with a loss of its killed. The vanguard threw out shirmishers in the direction of Skalitz.

possession of the pass, which was spars threw out shirmishers in the direction of Skaliz.

"At 9:30 this morning the vanguard was sharply attacked by two brigades of the 6th Austrian Corps, well provided with artillery, and followed by a the brigade as support. The Prince Holstein heavy cavalry division at the same time appeared upon the field. By the efforts of the vanguard, which withdrew slowly skirmissing, time was gaused for the main body of the corps to emerge from the pass and reach the highis numediately in front. At this moment I came up in good rime from Brauman. As the troops arrived they were immediately faroun forward to hold the nearest highly, the Kirchbuch division to the right and the Lörenheid division to the left. The entire artillery, 20 gens, was brought up into line of battle, to meet which the earny was reflatored by the last brigade of the 6th Corps and its reserve artillery. The advance of the enemy was coon cheeked, and as soon as our corps—strength ened by an infantry regiment and reserve—had taken up its position, we were enabled energetically to assume the offensive. The boattle Prince John's Culrassier Brigade was defeated by a brilliant charge of the list Uhlans and eth Dragoons, under Gen, von Wanck, firer a most desperate hand to-hand combat. Each regiment captured a hostile standard. Gen, von Wanck, Col, von Treskow, and Liout-Col, von Weebman, the commanders of both regiments received honorable wounds.

"The infinity, whose fire had been of admirishe effect, attacked at various points with the bayonet, and took possession of the advanced wouldand and surrounding ground. In these operations the flag of the 3d Deutschmeister Battalion 'all into our hands. Reconnoissance of Austrian Cavalry Acron the

### NEW-YORK, MONDAY, JULY 16, 1866.

BERLIN, June 30,-The King left here to-day, and will The following official dispatch refers briefly to the events of the ensuing day:

events of the ensuing day:

"Breslau, June 29.—I have to announce to your Majesty a second victory upon the 28th, more hotly contested and more sanguinery than upon the 28th. Great less in officers and men, though that of the enemy decidedly greater. Some trophics have been again taken, but the number is still uncertain. Namerous prisoners have been made. Skalitz is in my hands. An order of Benedek's shows that I was opposed to-day by the Archduke Leopeld, with the 6th and 8th Corps. After two battles my troops are full of courage and enthasiase, breaking out into loud cheers.

"Steinmein."

#### The Austrian Accounts.

THE BATTLE AT NACHOD. VIENNA, June 27, 5 p. m .- A telegram just received from Josephstadt, in Bohemia, datedj11:45 this morning. says: "A hot engagement has been going on for the last hour and a half between Neustadt and Nachod. The fire of the artillery was seen from the walls of the fortress. The Prussians have been repulsed,

BATTLE NEAR PODAL. VIENNA, June 27, 8 p. m .- The latest official intelligence informs us that a battle began yesterday evening near Podal, to the north-east of Münchengrätz, in Bohemia, and lasted till 2 in the morning. Although the struggle was bloody, it was without result. The Austrian loss 300 (3,000 f.) This afternoon the Pressians attacked Oswiecin Bracow (Cracow?), the Prussians were repulsed.

ACKNOWLEDGMENT OF A DEFEAT-RETREAT OF THE AUSTRIAN ARMY TO KONIGSGRATZ-ENGAGEMENTS AT ROST AND CHWALKOWITZ.

VIENNA, July 1.—The first Austrian Army Corps and Saxon Corps were repulsed yesterday by the Prussians In consequence of this repulse the Austrian army fell back in the direction of Königsgrütz.

The following official telegram, dated Prague, June 39 s been published here to-day:

u, and at Chwalkowitz, between Kalitz and Königshef in the district of Jung-Bunzlau, which resulted favorably to the Austrians. Böhmnisk and Kamnitz have been vacuated by the Prussians. The latter were also defeated while flying from Flicin by the combined Austrian and Saxon forces. They left their dead and wounded on the

OFFICIAL ANNOUNCEMENT OF THE RETREAT OF BENEDEK.

"Authentic intelligence received here from the headnor has there been any fresh fighting-a proof that the Prussian losses in the late buttles must also have been The First Austrian Army Corps and the Saxon army hav joined the chief Austrian army, and are ready for action the next few days.

OFFICIAL DESPATCH OF BENEDER. The following is Marshal Benedek's second report of the

To count For Cremerille. First Aid-de comp to Hir Majesty the Emperor.

To complete my telegraphic report made on the evening of the 27th respecting the combats of Fodel and Shalitz. I have the honor to inform your Excellency of the events which took place at Trautenau on the 27th. The rejort of the Tenth corps d'armée only reached me at it in the morning. At 6 in the morning of the 27th the brigade of Col. Mondel forming the advance guard of the army which was marching on the side of Schutz, made an attack upon Trautenau, which was it postension of the enemy. The fight was sharp, and by degrees all the treops of our corps d'armée were engaged in it. According to the prisoners, the enemy brought successively into action three brigades of the First corps d'armée to hold his position. After a ferce and bloody barlie. Trautenau was it our possession at 8-3, though at 9 o'clock when the report was sent to me, there was still some slight firing going on. The Tenth corps d'armée established its position at Trautenau, but Field-Marshal-Licut, von Gablenz, having been considentially informed that the enemy detabed a strong brigade, about 4 colock in the afternoon, toward Eipel to threaten his flank and rear, left a single brigade at Trautenau, and, with a view of meeting the enemy on that side, occupied, with the remainder of his troops, the highs situated directly to the south of Trautenau, which the enemy did not dare to attack.

## A French Dispatch.

ANIMOSITY OF THE BOHEMIANS AGAINST THE PRUS SIANS

PARIS, July 3 .- The Moniteur du Soir says: "Letters received here speak of the animosity of the Bohemian population against the Prussians, and relate several instances in which this feeling was displayed at Munchergratz, Turnau, and Nachod,

## The German Confederation.

THE FEDERAL ARMY-OCCUPATION OF WETZLAR. Wetzlar, July 2-Afternoon.—About 4,000 men of the army corps of Prince Alexander of Hesse Darmstadt, on tered this town to-day. They levied a contribution from the inhabitants, and left this afternoon, taking the dire-

AN ITALIAN REGIMENT AT FRANKFORT. FRANKFORT-ON-THE-MAINE, July 2 .- An Italian reginent, forming part of the troops dispatched by Austria to strengthen her contingent with the 8th Federal Arny Corps, has arrived here.

THE KING OF HANOVER.

MUHLHAUSEN, June 30.—The King of Hanover of

THE BAVARIAN ARMY. MEININGER, July 2 .- The report of the arrival of the 4th Bavarian infantry division, under Gen. Hartmann, in this

WEIMAR, July 2 .- The representative of Weimara the Federal Diet has been recalled, the Grand Ducal Government declaring that it can no longer regard the Det as the legitimate representative of the Germanic Confedera-

# THE WAR IN ITALY.

Losses of the Italians at Custozza Vienna, June 27.—According to official return from Verona, 4,000 Italian prisoners were taken and several thousand wounded. The Austrians brought in 14 talian

reconnoissance from Goito to Chiese. They drove bak the Italian outposts and took several prisoners. cannonaded the encampment of volunteers on the shore of Lake Garda. The volunteers dispersed after sustaining

Mincio-Austrian Gunbonts on Lake Gagia.

PESCHIERA, July 1.-The Austrian cavalry have nade a

The enemy's patrols make frequent reconnoissances the right bank of the Mincio. They are watched by our cavalry patrols. Four squadrons of Austrian Hussars had advanced on Italian territory to the right of the Mineio, but they were encountered by the third squadron of the Foggia Lancers, and compelled to retreat to Gelto and Rivalta. The Austrians lost several killed, including one officer, and several prisoners. Among the wounded on the Italian side were a captain and a lieutenant.

HEADQUARTERS OF THE ITALIAN ARMY TORRE MALAMBERTI, July 1. The Italian and Austrian cavalry continue to make econnoissances. No brisk engagement has taken place since yesterday's encounter, in which the Foggia Lancers made 40 Austrian prisoners.

The Italian Army.

FLORENCE, June  $30_j$  5:30 p. m.—The headquarters of the Italian army are at Torre Malaberti. The troops are in excellent heigth and spirits.

The divisions which suffered most during the battle of Custozza are in no way disspirited, and express their eagerness to be again placed at the front in the next battle

Invasion of Lombardy from the Tyrol. BERNE, June 30 .- The Austrians have forced their way

brough the Tonale Pass into the Val Camonica.

Engagement at Medole.

FLORENCE, July 3.—To-day the Italian d'Aosta Regi-nent of Lancers had an engagement with 300 Austrian

Hussars at Medole. The Hussars were dispersed with the loss of 15 prisoners and 20 horses. One Austrian officer was taken prisoner and another killed. The Austrians Crossing the Mincio in Force. PARIS, July 3 .- La France of this evening says: " We

diece we are able to state that the Austrians crossed the Mincio in considerable force to-day." Correction of an Austrian Statement.

FLORENCE, July 3.-An official report from the headnarters of the Italian army denies the accuracy of the third bulletin issued by the Austrian commander, in which the latter announced that the warrison of Mantua made a sortie on the 23d of June, and repulsed the Italians at

The engagement with the garrison of Mantua is declared to have been only a few volleys fired by the outposts on ach side. The Austrians continue to make incursion from the Venetian frontier into Italian territory on the bank of the Mincio. They have also burned several bridges

BERLIN, July L.—King Victor Emanuel has sent a telepon the recent success of the Prussian arms.

The Hangarian Bishops and Magnates. PESTH, July 2.—The Hungarian Episcopal body hav toted 200,000 floring for the relief of the wounded in mittle. Three Hungarian magnates have proposed to

#### raise and equip a corps of volunteer cavalry. One thouand wounded soldiers arrived here yesterday. FRANCE.

abiishes an article, signed M. Boniface, with the object, It has not sought, and does not even seize an opportunity

Concentration of Russian Troops.

agents of Russia abroad a circular dispatch, in which he explains to them the purport and meaning of the concentration of Russian troops on the Austrian and Prussian frontiers. Russia, he informs them, intends to observe the strictest neutrality toward all parties, but the Russian Government felt bound to concentrate a corps of observation both on the Austro-Russian and Prusso-Russian frontiers for the security of the inhabitants, if the frontier vent the contest from being carried into Russian territory. The reasons assigned for the concentration of an army on the Pruth are remarkably brief. The object of this army, having regard to the armaments of the Porte and the movement of Turkish troops toward the Danube, is to prevent the entry of these troops into the Principalities."

SHANGHAI, April 13, 1866,

Americans in this part of the world is the proposed new line of steamers from San Francisco to China. The size, capacity and internal arrangements of the vessels, the number of trips they will make in the year, and above all line, are questions asked by every one, and answered differently in nearly every case. Capt. Phelps, late of the United States Navy, is now in Shanghai on a mission from the Pacific Mail Steamship Company, and it is generally supposed that on his report it will greatly depend whether the line shall be run to this port or to Hong Kong. At first sight, Hong Kong unquestionably offers the greatest inducements; the immense passenger tradic themee to San Francisco is alone almost sufficient to support the line; while return cargoes of produce, &c., would doubtless be obtained at the home port. But there are many who think that these advantages would but poorly compensate for the necessity of running the line to a British port, and thus placing it mere or less under British control. Whatever the commercial benefits the new line might confer would be exclusively to the aggrandizement of British interests; and if there be a place on this earth where American trade has need to be fostered and encouraged, it is assuredly in this Empire of China. The degredations of the Alsaham and her kindred British pirales have swept the American figuriom the ocean. The enormous consting trade of China is now principally carried on by British and Continental vessels. English ships are loading teas for American ports; and in this harbor, where the control of the property of the algebra of the property of the line, are questions asked by every one, and answered enormous consting trade of China is now principally carried on by British and Continental vessels. English ships
are loading teas for American ports; and in this harbor,
where five years ago one-third at least of the shipping,
were American bottoms, the Stars and Stripes wave now
over but one sea-going vessel. I say "sea-going vessel,"
as I make no account of the numerous river steamers
trading on the Yang Taxes—nearly all of which (having
had naught to fear from piratical depredations in their
inland traffic carry the starry flag. Whatever husiness
this California line may create—whether it be in supplying
the ships, in disposing of their cargoes, or in transporting
them to and from the different ports of the const—should
be carried on, as far as may be, by American merchants
and in American vessels. This is no spread-eagle doc
trine: it is simply the generally-expressed opinion of
American merchants in China that they should be allowed
a fair chance to compete with the English and French for
the Eastern trade.

But, aside from this political view of the case, there are
other and grave reasons in favor of Shanghai as a terminus

a fair chance to compete with the English and French for the Eastern trade.

But, aside from this political view of the case, there are other and grave reasons in favor of Shanghai as a terminus for the new line. The directors of the Pacific Mail Steamship Company must look forward and question not only the port which offers the most present advantages, but which is most likely to offer those advantages in future years. Now Hong Kong, of itself considered, in regard to its natural situation alone is nothing. It is not an outlet for the

CHAMPAGNE DRINKERS.—We learn that 39,000,000 of bottles of champagne are annually sold and thus distributed: Africa consumes but 100,000 of these; Spain and Portugal, 300,000; Italy, 400,000; Russia, 2,000,000; Holland as much; Germany, 1,500,000; Russia, 2,000,000; France, 2,500,000; thirsty England, 5,000,000; India, ditte; and North America, 10,000,000 bottles. Teace figure refer to the consumption of wine really grown in the champagne country, and by no means include the tens of millions of bottles of goosehevry, thubarb, and other villations compounds annually sold and drank as the true and gennine produce of the Epermay vines. [Paris Letter,

PETROLEUM FOR ASTHMA.—A correspondent of

Particleum For Asthma.—A correspondent of

The Country Gentleman writes to that journal: "I have a son,

### THE WAR IN GERMANY.

### BOHEMIA.

Benedek's Confession of Defent-A Seml-Official View of the Situation-Count Clam-Gullas Accused of Incapacity.

Benedek announces the defeat of the left wingof his army and the consequent removal of his head-quarters from Königinhof to Königgrätz a small fortross about 22 English miles south of Josephstadt:

Röniginhof to Röniggütz a small for ross about 22 English miles south of Josephstatt.

Dubling June 10, 6 p. m.

"The repulse of the Saxon and last Amstrian corps d'armét obliges me to retreat in the direction of Königgitz.

At the foot of Benedek's laconic dispatch is the following semi-official article:—

From the Feldsengmeister's communication that he, in consequence of the repulse of the Saxon's and lat Amstrian copy d'orse, was retreating in the direction of Königgitz, we, being for the moment without any nearer information of the subject, must suppose that the left was of the Northern Army advanced to the north-west of diein (Gitschin), and there found the enemy in a strong position, from which it was mable to dislodge him. We must further conclude that the Feldzeugneister, being unwilling to subject his army to further severe losses, has fallen back in the direction of Königgi siz, with the intention of attacking the enemy as soon as he may think fit to quit the position which he now occupies. The courage and constancy of our troops, and the well-known energy of their communitor, ranker is probable that the enemy will soon be deprived of any advantage which he may have obtained."

The inhabitants of Prague and Vienus are in great consternation, and on all sides it is asked now the Emperor ceelling allow Count Clam-tialles to retain the command of the lat corps d'armée, he having, during the ear in Lombardy in 1866, given multifarious proofs of incapacity. You may perspay, reculter that I about too mouths ago pasticey stated that Gen, eas Econdes was lets to have Gen, Count Clam-tialias placed and he boommond. The commander of the lat corps d'armée helooge

trade of any considerable extent of country, nor has it any requirements of its own to draw trade toward it. It has attained its present position simply because it is a tree port, under English protection, and governed by English laws. Chinese merchants have their cargoes brought to Hong Kong, in preference to Canton, Tong Sau, or the other ports adjacent—because there they can warehouse their goods, without fear of extortion from the Mandarins, antil they can dispose of them to the smaller dealers, from the main land, who can snuggle the small lots which they buy without much difficulty. Any inland in the China seas possessing a good harbor, and sheltered water communication with the main land, would—under the same circumstances of protection—equal Hong Kong in wealth and importance; nay, more, very many would far surpass it; as Hong Kong suffers peculiarly from two scourges of the China seas, pirates and typhoons. Like Nassau, N. P., during the late war, Hong Kong depends for support entirely upon likeit traffic; and should the fortintous circumstances which have produced its prosperity be changed, it must inevitably collapse. The Empire of China is the sick man of the East. Civilization is pressing him hard on every side. The ever advancing Russian on the north; the Anglo Indian on the south; the Frenchman in Cochin China are each and all steadly undermining his footing, while internal discussion, corruption and anarchy are wearing away his vitals, and the silent force of foreign commerce is hastening his downful. The very establishment of the California line is one of the enuses which by increasing tude and promoting the spread of liberal igness will hasten the overthrow of the present Government. And suppose this endaccomplished, the entire country thrown open to trade and the present inordinate system of mandarin-squeezing abolished; what will be the position of Hong Kong—a barren rock tenanted by a few fishermen, without trade or resources of any had; it will return to its original state. These are no vi

offered greater facilities than Macao for the Conduct of Illiest trade.

It is not in the nature of things that the present Government of China should last much longer—there is a limit to even Chinese endurance. Internal traffic, except where it can be carried on under foreign protection, is nearly at an end. Every day the exactions of the mandarins become more and more oppressive. Every week brings the news of fresh insurrections. Without men, money or credit, without the affection or respect of the people, with official devoted solely to their own aggrandizement, whether at the expense of the state or of its subjects, the Government of China is like the askes on the end of a cigar—ready to fail to pieces at a touch. And that it will be touched ere long, there can be little or no doubt. The mandarins are every day more and more insolent in their behavior toward foreigners, and less and less ready to accede to any demand for satisfaction; and the inevitable result of a foreign war must be the oponing up of the entire country to foreign trade, if not the entire remodeling of the ports of Charleston, Savannar and Wilmington.

Examining thus the basis of the prosperity of Hong Kong, and having the voll of the prosperity of Hong Kong, and having an eye to the future as well as the present, the Directors of the P. M. S. Co. may see that by so doing they would add to the commercial importance of a British colony without receiving any adequate return. They would throw their new created trade into the hands of British merchants, and place themselves in a position to suffer most keenity by any rupture between the United States and Great Britain.

Now, on the other hand, consider the situation of Shanghai. It is the central position of the coast, equidistant from the Southern and Northern ports. The produce of California, sent to this country, even now comes almost eatirely to this port. Here is the central depot, whence can be distributed along the coast, as required, the wheat, four, butter, &c., brought the fer is the coast is deposited.

The products of over 2,000,000 square miles of territory and of over 100,000,000 of people find here their natural outlet. The province of Kiang Soo, containing a population nearly as great as that of the United States, possesses a second of course which places every town and village of the containing a population of course which places every town and village. a system of emais which places every town and village within its borders in water communication with Shanghai. Ningpo, the export port of the immense tea and silk districts of the Che Kiang Province, is distant only 80 miles, and steamors run there daily. The Yang Taze River, already navigated by steamers as far as Hankow a distance of nearly 800 miles, and draining, in that distance, five wealthy provinces, must always inevitably bear its products to this port. The immense region watered by the Vellow River finds easy communication with Shanghai by the way of the Imperial Canal. Fee-Chow, the emporium of the tea districts of Fehkien is within 30 hours' steam. And, in fine, nature has evidently marked out Shanghai as the future metropolis of the East.

The only present advantage which Hong Kong offers over Shanghai is, as I have shown, the pa-senger trader but who can tell how long this may last! Chinese are the least desirable class of immigrants, and should imagine it to be quite within the bounds of possibility that the State of California may, ere long, impose such a tax upon their import as virtually to put a stop to the traffic. Even supposing it to continue for years to come, a single steamer upon the coast could transport all the passengers from Hong Kong hither, and would find (as do the steamers now trading between the two ports) quite enough way

prosing it to continue for your is come, a single stounder upon the coast could trainsport all the passengers from the coast could trainsport all the passengers from the coast could trainsport all the passengers from the coast could trainsport all the passengers and freight to pay expenses.

I may have seared vorrest and readers with this long upon the snighet. Capt. Phelips's report will consider the complete and chanacter, but it is difficult for a person remaining here but a few months even with every facilities and the complete and chanacter, but it is difficult for a person remaining here but a few months even with every facilities and the complete and chanacter, but it is difficult for a person remaining here but a few months even with every facilities and the complete and chanacter, but it is difficult for a person remaining here but a few months even with every facilities and the complete and chanacter, but it is difficult for a person remaining here but a few months even with every facilities and the complete and chanacter and force in the Chinese, early of four years, we have gradually grown boiler and boiler, and another year would probably have witnessed a ruptime. As yet we have a ready to the Hartfoot will follow. The former met with an unfortunate accident grown of the complete of refurn to Foot Chow to doel. Hartfoot will follow. The former met with an unfortunate accident grown in the first passenger from Foot-from to Mingh and the passenger from the foot-from to Mingh and the passenger from the foot-from to Mingh and the passenger from the

## The Late Carange in Bohemin-Capture of a